How College, University College, and Institute Students Finance Their Education

Special Report on Student Finances from the 1999 BC College and Institute Student Outcomes Survey

BRITISH COLUMBIA
Ministry of Advanced Education, Training and Technology

OWG
Outcomes Working Group

Centre For Education Information

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Canadian Cataloguing in Publication Data
Main entry under title:
How college, university college and institute students finance their education

Co-published by Outcomes Working Group and Centre for Education Information.
ISBN 0-7726-4393-8

1. College students - Finance, Personal - British Columbia. 2. College students - Economic conditions - British Columbia. 3. Student aid - British Columbia. 4. Education, Higher - British Columbia Finance. I. British Columbia. Ministry of Advanced Education, Training and Technology. II. B.C. Outcomes Working Group. III. Centre for Education Information Standards and Services. IV. Title: BC college and institute student outcomes survey.

LB2337.6.C3A83 2001 378.3'09711 C00-960346-8

101-05357/

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Executive Summary

Report purpose

In recent years, the issue of affordable public post-secondary education has received increased attention. Discussion usually focuses on government student loans, student indebtedness, and tuition costs. This report was commissioned by the BC Outcomes Working Group to provide information on how former students from colleges, university colleges, and institutes financed their education.

The data for this report were drawn from the 1999 BC College and Institute Student Outcomes Survey. Over 16,000 former students were interviewed in the spring of 1999, approximately 9 to 20 months after they completed all, or a significant portion, of their studies. Half of those respondents were asked a series of questions on their sources of financial support while studying.

Summary of results

A minority (33%) of the former students who answered the finance questions said government student loans and grants were important sources of support. Income from employment was cited more often than any other source of funding, by 73 percent of respondents, while almost two-thirds said personal savings were important.

Only thirty percent of all respondents to the finance questions said they had received a government student loan. For those former students who received government student loans only (no grants), the average student loan debt (the loan amount less remission) was $9,880. Almost a third (32%) had debt amounts under $5,000, although 6 percent owed $25,000 or over.

For former students who responded to the finance questions, living costs have had a significant impact on the amount of student loan debt. Parents, particularly single parents, those who relocated, and those who did not have free room and board had consistently higher debt amounts. The student debt load for single parents was substantially higher than for any other group, averaging $17,880.

Sixteen percent of respondents interrupted their studies for financial reasons; 18 percent said they took some or all of their studies on a part-time basis due to financial constraints. Single parents were much more likely to interrupt their studies or attend part-time than single students without children.

Even though additional government funding is available for certain equity groups to pursue post-secondary education, former students from these groups did incur debt and, for the most part, their debt was as high or higher on average than other students'.

Aboriginal respondents who borrowed had significantly higher average student loan debt: $14,080 versus $9,880. While a quarter (26%) of Aboriginal respondents volunteered that band funding was a source of financial aid, they relied less on family support, were less likely to have personal savings, and were more likely to relocate to study.

In comparison with other former students, those with disabilities reported that their studies were more liable to be interrupted or taken on a part-time basis for financial reasons. Their average student loan debt was $10,810.

Family financial support, free room and board, and loans from family were significantly more important for former students who learned English as their second language. Their average student loan debt was $8,870.

While a majority of students reported that the information they received about student loans was good or very good, many felt they needed a better understanding of the repayment process. Most students who borrow must repay the full amount of their loans. Of those former students who said financial support from government loans and grants was an important source of funds, only 12 percent reported receiving loan remission.

Conclusion

Most former college, university college, and institute students did not rely on government funding and did not leave their post-secondary programs with substantial student loan debt. Although the majority of those who borrowed had relatively low levels of debt, some groups of students were likely to owe more than others. In particular, single parents were carrying much higher debt loads than average. Many respondents, especially those who owed larger amounts, wanted more information on debt management and repayment.

Introduction

Report objectives

The BC Outcomes Working Group requested this special report to provide information on how college, university college, and institute students finance their education. Over the last few years, tuition costs and escalating student debt loads have received increased media attention. This report uses data from the 1999 BC College and Institute Student Outcomes Survey[1] to examine student funding sources, to assess the extent of student debt loads, to explore the impact of educational costs, and to determine whether certain groups of students are more likely than others to face financial challenges.

In addition, the Ministry of Advanced Education, Training and Technology wanted specific feedback on the BC Student Assistance Program (BCSAP). Students were asked to rate the quality of information they received from BCSAP and make suggestions to improve the services.

Report format

The findings from the survey data are organized to answer the following questions:

1. What are the major sources of financial support for former students?
2. Do all students incur government loan debt?
3. What costs are driving student debt?
4. Do financial constraints affect enrolment patterns?
5. Do some groups of students face particular financial challenges?
6. Do students need more information on managing loans?

Background on student finances

The British Columbia Student Assistance Program (BCSAP) was created to help eligible students with the costs of post-secondary studies at colleges, university colleges, universities, institutes, and private training institutions. While students and their families are primarily responsible for the costs of education, the BCSAP is there to supplement their resources in cases where there is a need. Financial assistance is provided in the form of a combination of federal and provincial loans and grants. The amount of assistance needed is assessed each program year.

1. See Appendix A for a description of the BC College and Institute Student Outcomes Project.

Canada Student Loans and BC Student Loans must be repaid in full. Payments on the principal and interest are not required until six months after students complete their full-time studies. Grant assistance does not have to be repaid.

In addition, BCSAP offers the Loan Remission Program, which can reduce outstanding BC student loans for eligible students. For loans negotiated August 1, 2000 or later, the loan remission program has been redesigned to provide interest relief and debt reduction in repayment. In some cases, students may qualify for financial assistance through one of the Ministry's special programs. For more information about BCSAP and special programs, see http://www.aett.gov.bc.ca/studentservices/.

"In 1997/98, 27,649 full-time college students in BC received student loans. On average, the combined BC and Canada loan amount per student [borrower] was $5,445.... Over 13,300 first- and second-year college students received non-repayable grants; the average grant award was $3,302."[2]

Data for this report

The data for this report were drawn from the 1999 BC College and Institute Student Outcomes Survey. Of 33,852 former students from arts and sciences, applied, and adult basic education programs,[3] 16,681 were interviewed in the spring of 1999, approximately 9 to 20 months after having completed all, or a considerable portion, of their educational program. This represents 49 percent of the total cohort.

The 1999 survey included two special sections. Students who were surveyed were asked either about campus services at their institution or about their sources of income while they were studying and their debts after leaving school. The number of former students who answered questions on their finances constituted slightly over 50 percent of the total number of 1999 survey respondents.[4]

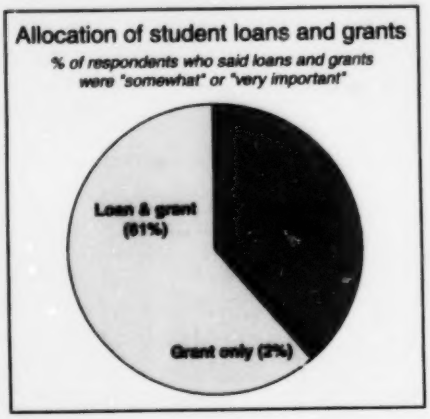
2. From the MAETT Internet site http://www.aett.gov.bc.ca/accountability/98report/student.htm, *1998 Performance Measurement Report, Student Indebtedness,* September 2000.
3. See Appendix B for definitions of these and other terms.
4. See Appendix C for a description of the methods used in the analysis for this report and a brief discussion of the limitations of the data.

Key Findings

What are the major sources of financial support for former students?

Student loans and grants are not the most important source of financial support.

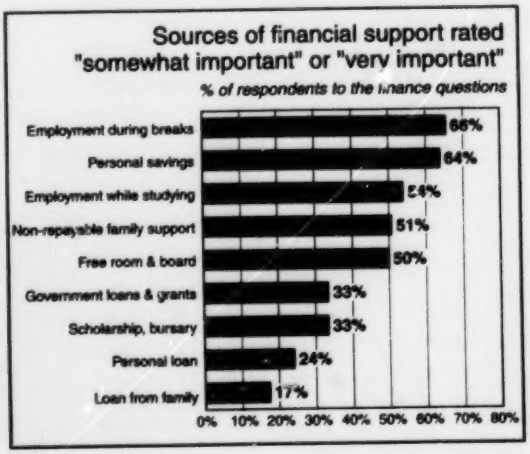
In spite of the fact that more students received student loans in 1997/98 than in each of the preceding four years and average annual student loans for students in the college sector increased by 35 percent from 1993/94 to 1997/98,[5] only a minority (33%) of the respondents to the finance questions said student loans and grants were important (that is "somewhat important" or "very important") sources of financial support.


Allocation of student loans and grants
% of respondents who said loans and grants were "somewhat" or "very important"
Loan & grant (81%)
Grant only (3%)

Of those who said student loans and grants were important, over 60 percent received both a government student loan and a grant. For those who reported a government loan or grant or both, the average amount received was $12,240.

Most students say personal savings and employment income are important.

Most former students reported that personal savings and employment income were "somewhat" or "very important" sources of financial support. Almost two-thirds (64%) of respondents said personal savings were important, while 73 percent cited income from employment. For 66 percent of respondents, employment during breaks was an important source of financial support. Employment while studying was important for over half (54%) of the former students.


Sources of financial support rated "somewhat important" or "very important"
% of respondents to the finance questions
Employment during breaks 66%
Personal savings 64%
Employment while studying 54%
Non-repayable family support 51%
Free room & board 50%
Government loans & grants 33%
Scholarship, bursary 33%
Personal loan 24%
Loan from family 17%
0% 10% 20% 30% 40% 50% 60% 70% 80%

5. From the MAETT Internet site http://www.aett.gov.bc.ca/accountability/98report/student.htm, *1998 Performance Measurement Report, Student Indebtedness*, September 2000.

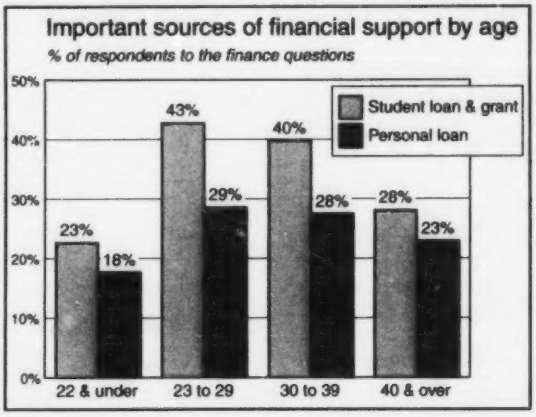
Family support is important for a small majority.

Over half (51%) of all former students said that direct financial support from their families was an important source of funds while in their program. Free or subsidized room and board was important to 50 percent of respondents. A loan from family was not reported as often, but for some former students (17%) it represented important funding for their studies.

Borrowed money is more important for 23- to 29-year-olds.

The majority of respondents were 29 years of age or younger (33% were 22 and under, 36% were 23 to 29). Just over 17 percent were between 30 and 39 years of age, and 14 percent were 40 years or older. The median age of former students who responded to the finance questions was 25.

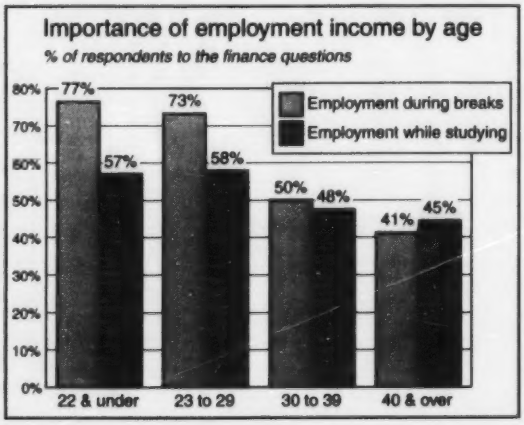
Former students who were between 23 and 29 years of age were more likely to say that borrowed money (which includes personal loans or credit card debt, family loans, and student loans) was important. Sixty-one percent of respondents in this age group said borrowed money was an important source of funding. More specifically, 43 percent said government student loans and grants were important (compared with 33 percent overall). Personal loans were cited as important by 29 percent of those in this age group.



Employment income and personal savings are more important to younger students.

While a substantial majority of former students reported that personal savings and employment earnings were important sources of funding for their education, those in the youngest age group were more likely to cite savings and employment and less likely to mention borrowed money.

Seventy-seven percent of respondents 22 and under cited employment during breaks as an important source of financial support, while 61 percent from all other age



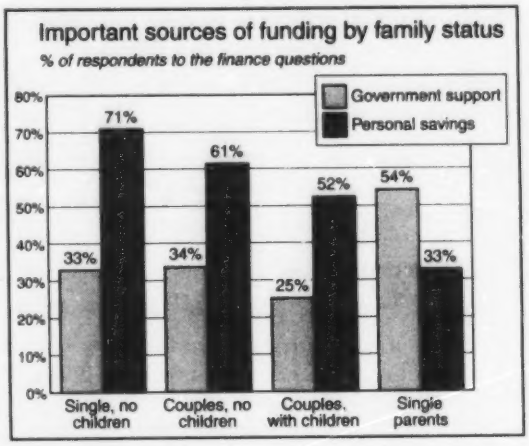
groups said it was important. As well, this youngest group of former students was more likely to say employment while studying was important: 57 percent, compared with 46 percent of respondents 30 and over.

Seventy-four percent of former students aged 22 and under said personal savings were important, while just over half (52%) of respondents 40 or older reported personal savings as an important source of funds.

Government financial support is more important for single parents than for others.

Of all respondents, 65 percent were single with no children, 11 percent were part of a couple with no children, 15 percent were part of a couple with children, and 8 percent were single parents.

Students without children were much more likely to report that personal savings were important to funding their studies. Government financial support, in the form of loans and grants, was particularly important for single parents.



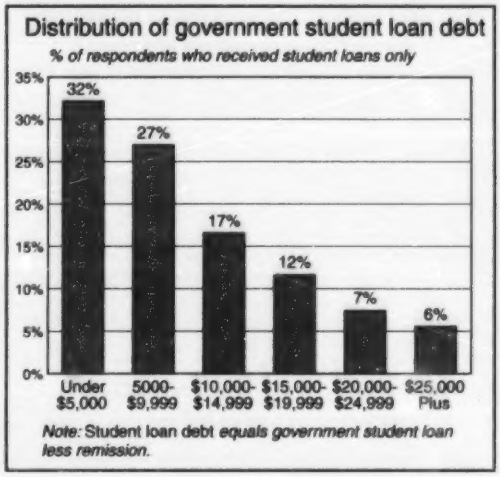
Do all students incur government loan debt?

A minority of students report government loan debt.

Only 33 percent of respondents to the BC College and Institute Student Outcomes Survey who answered the finance questions said government loans or grants were important sources of funding. Since 66 percent of former students did *not* cite government loans as important, it follows that student loan debt was not a considerable burden for the majority of respondents. For those former students who finished their programs with student loan debt, the amounts varied considerably, with some groups of students carrying a substantially higher debt load than others.

The majority of students with student loan debt owe less than $10,000.

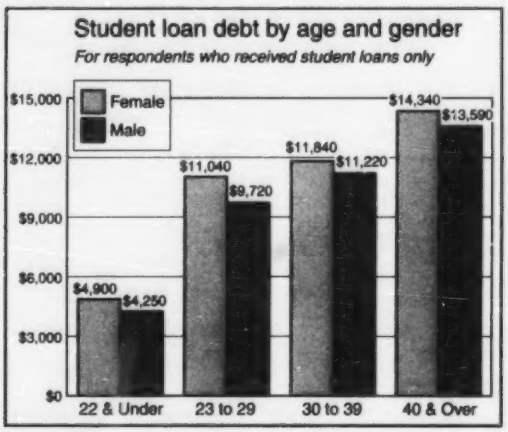
Thirty percent of all respondents to the finance questions said they had received a government student loan. Of those students, 39 percent received a student loan only, that is without additional grant or other government funding. (The average student loan amounts that follow are based on self-reported amounts from those who received student loans only; those who received grants are not included.)



For these former students who reported a government student loan only, the average student loan debt (the loan amount less remission) was $9,880. Well over half of these respondents (59%) have debt amounts under $10,000, and almost a third have debt less than $5,000.

Older students have higher debt.

Students 25 or over who had student loan debt owed more than younger students. Of those respondents who had received a student loan only (no grant) and at the time of the survey had student loan debt, 64 percent were 25 or over. The mean student loan debt was $6,260 for former students under 25, $12,000 for students 25 or over.



The amount of student loan debt increased steadily by age. Across all age groups, females owed somewhat more than males.

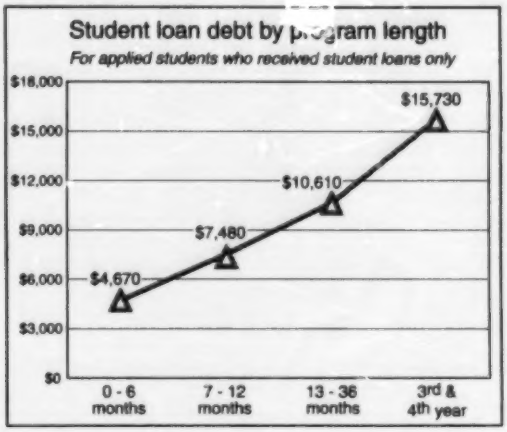
Single parents have the highest debt.

Of those who had student loan debt, former students who were single parents were carrying the most: an average of $17,800. Single parents who were older owed even more. For those who were 25 and over, the average amount was $18,120, versus $11,110 for older single students without children. Most single parents (86%) were female, and almost half (48%) had only one child. Parents who were part of a couple were more likely to have two or three children (60%),

but their average student loan debt at $12,540 was significantly lower than that of single parents.

Program length has a major impact on debt.

For all respondents with student loan debt, the average amount increased as program length increased. This was true whether the former student was enrolled in applied programs, arts and sciences programs, or adult basic education (ABE). (See Appendix B for definitions of the three program types). Those who were in applied programs had a slightly higher average student loan debt overall than those in arts and sciences ($10,050 to $9,730), while former students from ABE had a mean debt of $6,850. For applied programs, the average student loan debt increased significantly from the shortest to the longest programs.



In arts and sciences programs, former students from upper level (3rd and 4th year) programs had an average of $16,670 in student loan debt, while those from lower level (1st and 2nd year) programs owed $8,050.

Almost half of those with student loan debt have debt from other sources as well.

Forty-six percent of those who had student loan debt reported that they had debt from other sources as well—personal bank loans, credit cards, and so on. For those who incurred *other* debt to support their education, the average amount was $6,890. For those who had both student loan debt and other debt, the combined average was $16,590. (In this case, the combined average includes only those who reported *both* student loan debt and other debt.[6])

Former students who are not working and not studying have more debt.

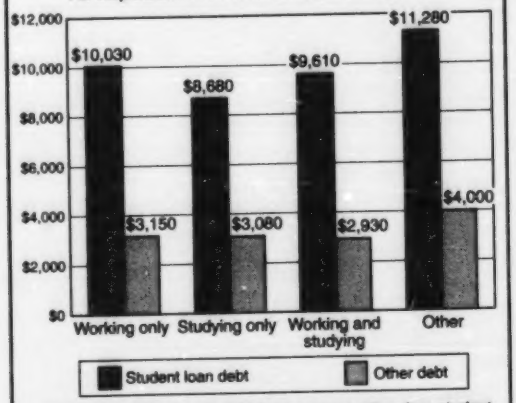
At the time of the survey, former students were asked if they were currently employed or pursuing further studies. The majority, 48 percent, were employed and not studying ("working only"), 18 percent were "studying only," 23 percent were "working and studying," and the remaining 12 percent were not working or studying, i.e., doing "other" things. Of those in the "other" category, 63% were looking for work.

6. Student loan debt (i.e., the loan amount after remission) is reported for those who had student loans only, no grants (n=878). The calculation for *other* debt is based on the amounts reported by 46% (n=405) of those who had student loan debt.

Those respondents who were "working only" or doing "other" things appeared to have higher student loan debt, while those who were "studying only" owed somewhat less on average. The amounts of *other* debt incurred by former students who were working at the time of the survey do not differ much from the amounts of those who were studying. (In this case, *other* debt, or debt from sources other than student loans, is reported for all those who had student loan debt, including those who reported *other* debt amounts of zero.)

Debt by current activity

For respondents who received student loans only



Note: Other debt *equals debt from sources other than student loans and includes amounts of zero.*

What costs are driving student debt?

Students with higher living costs have higher debt.

For former students who responded to the finance questions, living costs have had a significant impact on the amount of student loan debt. Those with higher living costs—parents, particularly single parents, those who relocated, and those who did not have free room and board—had consistently higher debt amounts.

Parents have higher debt loads.

Former students with children had significantly higher student loan debt and borrowed more money from other sources, as well. The debt load for single parents was substantially higher than for any other group.

Debt by family status

For respondents who received student loans only

	Student loan debt	Other debt	Total debt
Single, no children	$8,730	$3,090	$11,810
Couple, no children	$10,070	$2,660	$12,720
Couple, with children	$12,540	$3,160	$15,700
Single, with children	$17,800	$5,210	$23,000

Note: Student loan debt *equals government student loan less remission.* Other debt *equals debt from sources other than student loans and includes amounts of zero.* Total debt *equals student loan debt plus other debt.*

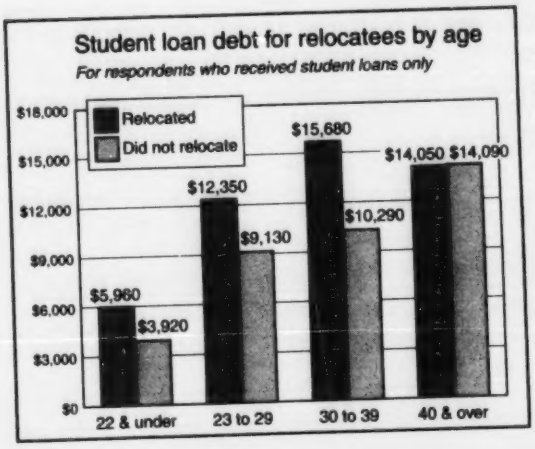
Students who relocate borrow more.

Overall, 19 percent of respondents to the finance questions relocated or moved from their home communities to attend post-secondary institutions. A higher percentage of relocatees cited borrowed money as an important source of funds: 68 percent versus 49 percent of those who did not relocate.

Compared with students who stayed in their home communities, students who relocated to study relied more on government loans and grants: 49 percent of those who relocated said loans and grants were important compared to 30 percent of others. As well, more relocatees than non-relocatees cited scholarships or bursaries (42% to 31% respectively) as an important source of funds.

Former students who relocated had a significantly higher student loan debt at the time of the survey: $11,620 to $8,980. Likewise for government loan recipients who had debt from other sources, the *other* debt amounts were higher on average for those who relocated: $3,970 compared to $2,770 for those who stayed at home to study.

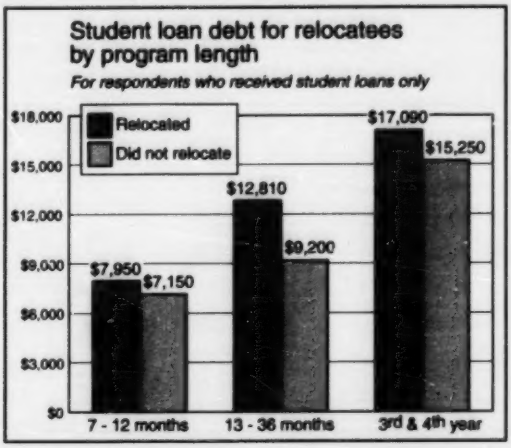
Relocatees tend to owe more regardless of age.



Across age groups (except those 40 and over), those who relocated owed significantly more than those who stayed in their home communities. More people in the 23 to 29 age group relocated than average—26 percent versus 19 percent overall—while only 10 percent of those 40 and over relocated.

Relocatees in longer programs have higher debt.

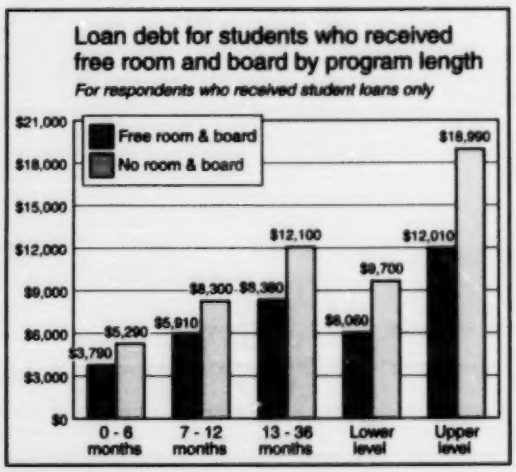
While relocatees consistently owed more, the difference is more pronounced for those former students who attended longer programs. Respondents who relocated to attend 13–36 month or 3rd and 4th year programs owed considerably more than those in the same length of program who did not have to relocate. Relocatees in 7–12 month programs did not owe significantly more than those who stayed at home. Those who relocated to attend lower level (1st and 2nd year) programs appeared to owe less than those who did not relocate, but the difference was insignificant.



Those in longer programs were more likely to relocate: 25 percent of those in 13–36 month programs relocated versus 18 percent of those in 7–12 month programs; 27 percent of those in 3rd and 4th year programs relocated versus 16 percent of those in lower level programs. It should be noted that since most longer programs (year 3 and year 4) are not offered at a majority of institutions in the BC college and institute system, many of the students who wanted to enrol in longer programs would have had to relocate.

Students who have free room and board have less debt.

Free or subsidized room and board from family was an important source of support for 50 percent of respondents. These former students owed significantly less than those who did not have this support: $7,720 to $11,400 on average.



Regardless of program length, those who received free room and board owed significantly less. Since this particular assistance results in considerably less student loan debt, it seems probable that a sizable portion of accumulated debt for students can be attributed to living expenses.

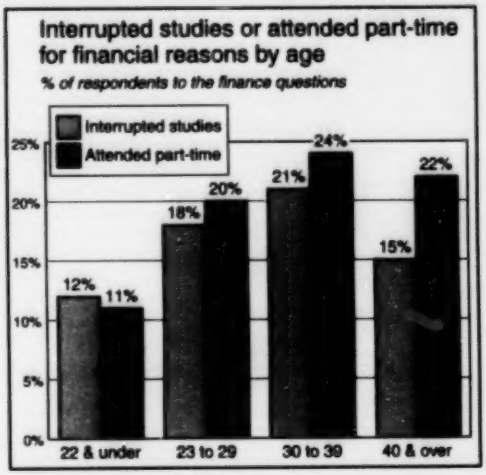
Do financial constraints affect enrolment patterns?

Most students do not interrupt their studies for financial reasons.

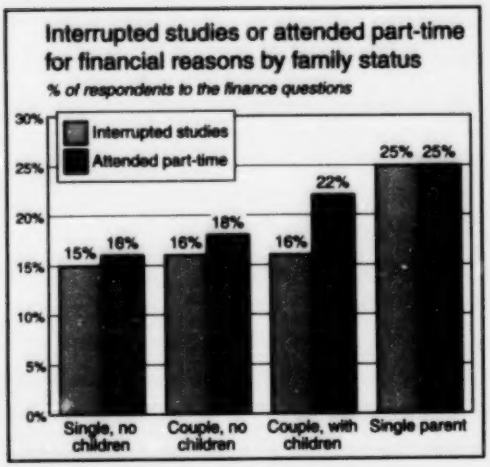
A minority (16%) of respondents to the finance questions interrupted their studies for financial reasons. Eighteen percent of former students said they took some or all of their studies on a part-time basis for financial reasons. (It should be noted that this does not represent all part-time former students, only those whose financial circumstances made it necessary for them to attend part-time.) Altogether, 25 percent of respondents experienced disruptions to their studies, meaning they either interrupted their studies or attended part-time for financial reasons.

Disruptions for younger students are less likely.

Small percentages of students 22 and under interrupted their studies or attended part-time for financial reasons (12% and 11% respectively). Compared with other age groups, relatively more former students aged 30 to 39 interrupted their studies (21%) or attended part-time (24%) for financial reasons.



Single parents are more likely to face disruptions.



Single parents were much more likely to interrupt their studies or attend part-time than single students without children. In fact, 36 percent of single parents either interrupted or attended school part-time for financial reasons.

Fewer students who relocate attend part-time.

Of the former students who relocated or moved from their home communities, only 14 percent attended part-time—this compares with 19 percent of those who did not relocate. In contrast, more former students who relocated (19% compared to 15% of non-relocatees) had to interrupt their studies for financial reasons.

Students who rely on borrowed money are more likely to interrupt their studies.

Former students who reported that borrowed money (including student loans) was an important source of funding for their education were significantly more likely to interrupt their studies for financial reasons. Nineteen percent of respondents who said borrowed money was important interrupted their studies, compared with only 12 percent of those who did not rely on borrowed funds.

Do some groups of students face particular financial challenges?

In spite of government-sponsored funding, students from certain equity groups incur debt.

There are a number of financial assistance programs available from different levels of government aimed at improving access to post-secondary education for certain groups of students. For example, some Aboriginal students can apply through their band for study allowances; students with disabilities can apply to provincial and federal government programs for support for tuition, living costs, and additional expenses; and students learning English as their second language can request tuition-free courses. However, these funding programs usually offer only limited or specific support, some are oversubscribed, and some of the support can be in the form of loans. Based on data from respondents to this survey, students from these groups do incur debt and, for the most part, their debt is as high or higher on average than other students'.

Aboriginal students are more likely to incur debt based on their demographic profile.

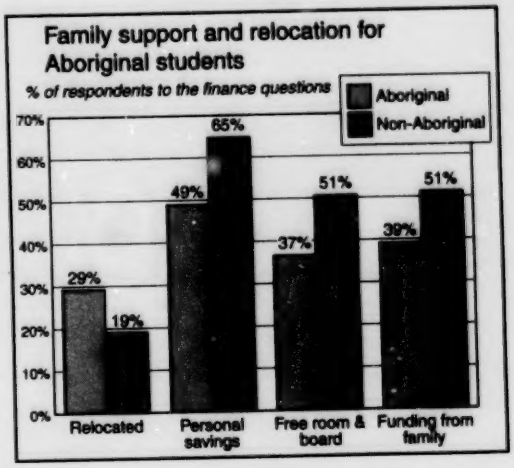
Of all respondents to the finance questions, older students, females, and single parents had relatively higher levels of student loan debt. The demographic profile of Aboriginal former students suggested that this group of students would, on average, incur more debt.

Aboriginal former students, who made up over 5 percent of the former students surveyed, tended to be older: their median age is 29 (compared to 24 for non-Aboriginal former students). They were more likely to be female—66 percent compared to 56 percent of non-Aboriginal respondents—and relatively more are

single parents (22% versus 7%). In the four months preceding their post-secondary education, 32 percent were on income assistance, compared to 15% of non-Aboriginal respondents.[7]

Aboriginal students relocate more and rely less on family support.

Aboriginal former students relocated from their home communities at a significantly higher rate than non-Aboriginal students. They received free room and board less often and relied less on personal savings. Twenty-five percent said their studies were interrupted for financial reasons, compared to only 16 percent of non-Aboriginal former students. Significantly fewer said direct financial support from family was important. On the other hand, 26 percent of Aboriginal respondents volunteered that band funding was an important source of financial support during their studies.



Aboriginal students have higher student loan debt.

Government loans and grants were cited less often as an important source of funding by Aboriginal former students, although the difference was slight. For Aboriginal respondents with student loan debt, however, the average amount owed was significantly higher: $14,080 compared to $9,700 for non-Aboriginal former students.

This debt was higher in spite of the fact that larger percentages of Aboriginal respondents were enrolled in ABE and in shorter applied programs. Former students in these programs usually incurred less debt than those in longer programs (see page 13).

Students with disabilities are older and more in need of financial assistance.

Students who identified themselves as having a disability—that is, a condition or problem that limits the kind of activity they can do—comprised over 6 percent of the total respondents to the finance section. They are significantly older than other students; in fact, their median age is 32. In the four months

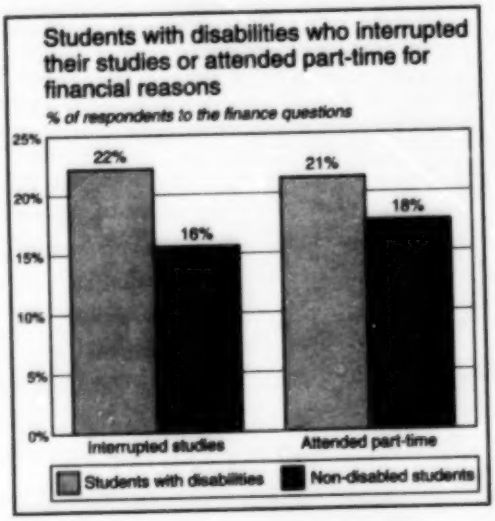
7. A full report on the 1999 outcomes of Aboriginal former students is available from CEISS at http://outcomes.ceiss.org/Publications/.

preceding their post-secondary attendance, 33 percent were on income assistance; in comparison, 15 percent of non-disabled students were on income assistance.

While their relocation rates were not significantly different, students with disabilities were much less likely to rely on free room and board (38% compared to 51% of non-disabled students) and less likely to cite direct financial support and loans from family. As well, only 48 percent of former students with disabilities said personal savings were important, compared to 65 percent of non-disabled students.

Students with disabilities face more disruptions for financial reasons.

In comparison with other students, those with disabilities reported that their studies were more liable to be interrupted and more often taken on a part-time basis for financial reasons.

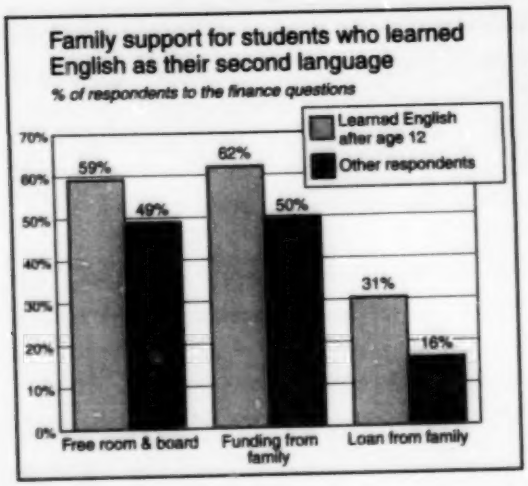


Fewer students with disabilities say their income was adequate.

Of former students who had received government loans, only 48 percent of those with disabilities said their income (including student loans) had been adequate to cover their educational and living costs; 62 percent of non-disabled students said their income was adequate. The student loan debt incurred by students with disabilities was higher on average but was not significantly different than the debt of non-disabled students.

Students who learn English as their second language rely heavily on family support.

Of the former students who responded to the finance questions, over 7 percent learned English after the age of 12. This group of students was older than average—their median age was 27—and they were somewhat more likely to have been on income assistance before studying: 20 percent versus 16 percent. Only 14 percent relocated to study, compared with 20 percent of other students.



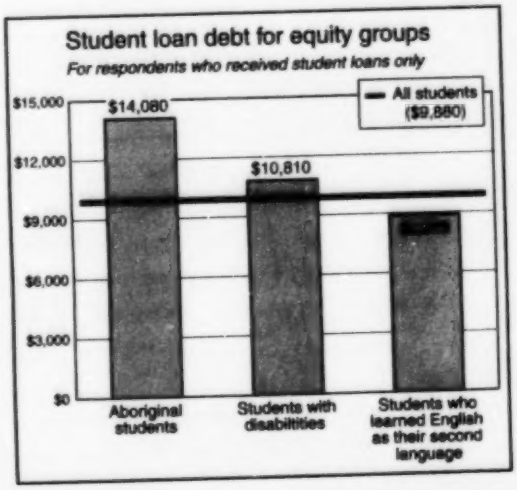
Direct financial support, free room and board, and loans from family were significantly more important for former students who learned English as their second language.

Student loan debt for students who learned English as their second language is somewhat lower.

Respondents who had learned English as their second language were more likely to say government loans and grants and other borrowed money were important sources of funds; however, for those who reported student loan debt, the amounts were somewhat lower. Their average total debt (student loan debt plus other debt) was $10,430 compared with $13,270 for other respondents. The high level of family support that many of these students received probably contributed to the lower debt levels. The fact that they tended to take more ABE and shorter applied programs may be a factor as well.

Debt loads among certain equity groups differ significantly.

The particular groups of former students discussed above are similar in a number of respects: they are older, more often female, and more likely to have been on income assistance. On the other hand, there are differences in the sources of public and private financial support available to these groups of students and some significant differences in the debt amounts they had at the time of the survey.

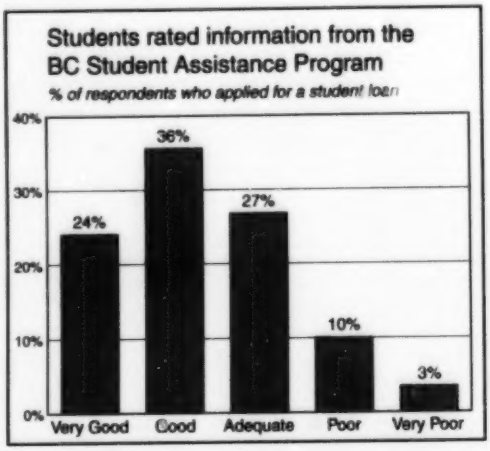


There is some evidence to suggest that fewer Aboriginal students incur student loan debt: 24 percent of Aboriginal students reported student loans compared with 30 percent of non-Aboriginal students. Nevertheless, for Aboriginal students who incur debt, the amount is significantly higher. Students with disabilities and students who learned English as their second language appear to incur debt at about the same rates as other students.

Do students need more information on managing loans?

A majority of students think that BCSAP loan information is good.

When former students who had applied for a student loan were asked to rate the quality of the information they received from the BC Student Assistance Program, 60 percent said that it was "good" or "very good."



Some students want more information.

Those who had applied for a student loan were also asked how the student financial assistance program in BC could be improved. A number of respondents (348 out of 2,144 who answered the question) said they didn't receive enough information or they wanted more, better, or clearer information on loans, remission, and repayment (a few of these comments follow). A further 56 recommended counselling services to help with financial management and repayment.

I think there should be a little more education on the repercussions and the reality of student loans for prospective loan applicants.

Eligibility requirements could be explained better.... Also give more information on alternatives to repay the student loan.

More information provided, like a long-term understanding what it means to get in debt with the government. More information on grants, bursaries and things like that.

More students with higher debt feel information is lacking.

Of those former students who were identified as having student loan debt of $10,000 or more at the time of the survey, 26 percent (77 out of 299) said they wanted more or clearer information on loans, repayment options, and remission. This compares with approximately 19 percent overall who wanted more information.

Some students have difficulty facing their accumulated debt.

Of the former students who responded to the question on improving BC's student financial assistance program, 176 indicated they had not realized the amount of debt they were incurring or had not been well prepared to pay it back. The following are examples of their suggestions for improvement:

Give people more opportunity to think about what they're accepting, in terms of student loans. The repayment policies and procedures were not very clear. It was more like 'sign here.' You don't know exactly what you're getting into.

Making sure the students are aware of the amounts they have to pay back. They don't tell you how much you have to pay; the information given is on how to get the loan, but nothing is told regarding the amounts that students have to plan ahead for and pay back.

Make sure that students know what they're getting into when they're getting a loan, make sure they know it's a full-time commitment, they can't just back out after two or three years of studying.

Banks are not as helpful with loan information.

When those who received student loans were asked if their bank had provided helpful information, more than half (53%) said no. It is interesting to note that those who said no had significantly higher student loan debt than those who said yes: $10,650 to $9,050.

Over 200 respondents made comments specifically about their experience with the bank that held their loan: for example, banks were not helpful, did not communicate with the BC Student Services Branch, and should provide more information and better service.

You have no idea how much the banks look down on students who come in with loans.

Banks should provide students with more information about loans and grants; students need better information on loan remission.

The bank should give more information on debt management or loan repayment.

Most students must repay the full amount of their loans.

Of those former students who said financial support from government loans and grants was an important source of funds, only 12 percent received loan remission. Students who are still attending school may be eligible for remission at a later date, but the rest will have to repay the full amounts of their loans—the student loan amount averaged $10,150 before remission. The average amount remitted for the former students who reported remission was $4,490.

Conclusion

Report purpose

In the face of increased media attention on education costs and student indebtedness, the BC Outcomes Working Group (OWG) requested this special report on student finances to provide information collected directly from former students. The OWG wanted to explore the issues and provide insights into student financing that would be useful for government, institutions, and students. For the Ministry of Advanced Education, Training and Technology, OWG gathered feedback on the BC Student Assistance Program (BCSAP).

Discussion

Post-secondary students use a variety of sources for funding their education. For former college and institute students, employment income and personal savings were the most important sources of funding for their studies; government assistance was sixth on the list. For university students, however, government loans do constitute a major source of funding. In a university outcomes survey, student loans were the most frequently cited source of financial support, followed by parents.[8] For students who were surveyed after completing their education within the private training sector, employment insurance was the most frequently reported source of funding. The student assistance program came third, after the combined category of savings, employment earnings, and personal loans.[9]

A minority of former college and institute students incurred debt, and debt amounts varied considerably—more than half were less than $10,000. For some groups of students, however, the debt load could be a serious burden. Single parents, Aboriginal students, students with disabilities, and those who were not working or studying at the time of the survey all had debt amounts that were higher than average.

Living costs usually make up the largest part of student expenditures, and those groups of students with higher living costs—parents, those who relocated, and those who did not have free room and board—had significantly higher debt.

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8. From The University Presidents' Council Internet site http://www.tupc.bc.ca/graduate_outcomes/graduate_followup_survey_1996/report96.pdf, *One Year Graduate Follow-up Survey of 1996 Baccalaureate Graduates from BC's Public Universities*, page 22, September 2000.
9. From the On Track Private Training Outcomes Internet site http://ontrack.ceiss.org/Reports/1999_12/fullreportDec99.pdf, *On Track: Private Training Outcomes Survey Report*, page 28, September 2000.

A comparative analysis showed that debt loads differed among certain equity groups. Aboriginal students who borrowed tended to incur substantial debt, even though some were eligible for special funding. The debt amounts for disabled students were slightly higher than average, as well. The situation of students who learned English as their second language highlights the importance of family support; the data suggest that family assistance and not government financing was the reason this group had lower average debt.

And finally, the comments of former students regarding the BC Student Assistance Program pointed out that while many students said the financial information they received was good, some students felt they were not fully prepared for their repayment obligations.

Next steps

This analysis and report on student finances is a first step toward understanding how former college and institute students finance their education. There are some issues that could be explored further, such as accumulated student debt. Because the data collected in the 1999 BC College and Institute Outcomes Survey include neither previous debt nor complete information on non-student loan debt, the total amount of accumulated debt of former students is not known.

To arrive at a fuller understanding of the impacts of student indebtedness on students and on society, more information is required. Data on accumulated debt loads, the proportion of borrowed money versus other funding, and students' repayment efforts need to be collected over time.

Appendix A

About the BC College and Institute Student Outcomes Project

The BC College and Institute Student Outcomes Project collects and disseminates information about former students' post-secondary experiences and their subsequent labour market and further education participation. The Student Outcomes Survey is administered annually to a number of former students of public colleges, university colleges, and institutes in British Columbia. The findings serve to guide educational choices for future students, to demonstrate the success of the college and institute system in achieving its mandate, and to provide a solid basis for educational planning decisions.

This report is based on data from the Student Outcomes Survey conducted in the spring of 1999. Former students were contacted by telephone 9 to 20 months after completing all, or a significant portion, of their educational program. Input was received from 16,681 former students from 21 participating institutions; this represents 49 percent of the targeted 33,852 former students.

Participating Institutions:

British Columbia Institute of Technology (BCIT)
Camosun College (CAM)
Capilano College (CAP)
College of New Caledonia (CNC)
College of the Rockies (COTR)
Douglas College (DGL)
Emily Carr Institute of Art and Design (ECIAD)
Justice Institute of BC (JINST)
Kwantlen University College (KWN)
Langara College (LANG)
Malaspina University-College (MAL)
Nicola Valley Institute of Technology (NVIT)
North Island College (NIC)
Northern Lights College (NLC)
Northwest Community College (NWCC)
Okanagan University College (OKN)
Open Learning Agency (OLA)
Selkirk College (SEL)
University College of the Cariboo (CAR)
University College of the Fraser Valley (FVAL)
Vancouver Community College (VCC)

The project is conducted with funding from the Ministry of Advanced Education, Training and Technology (MAETT) and from British Columbia's public colleges, university colleges, and institutes. The British Columbia Outcomes Working Group (OWG) oversees all aspects of the project, from data collection through to the reporting of survey results. The OWG is a decade-old partnership among MAETT, colleges, university colleges, institutes, and system bodies, such as the Advanced Education Council of British Columbia and the BC Council on Admissions and Transfer.

Appendix B

Glossary

Adult Basic Education programs

Adult Basic Education (ABE) programs are defined as those that provide education in predominantly "academic" subjects at the secondary school level or below. For the purposes of the Outcomes Survey, ABE programs are defined to include students who have taken at least three courses.

Applied programs

Applied programs include all programs that are designed to lead to employment in a relatively specific field. For this survey, they include programs of 0–6 months, 7–12 months, 13–36 months, and the upper level (3rd and 4th year) of applied baccalaureate programs. All applied programs, e.g., engineering, business, nursing, education, social work, and criminology, are included regardless of whether the courses in the programs carry transfer credit.

Arts and Sciences programs

Arts and Sciences programs include lower level programs (1st and 2nd year university transfer courses or a 2-year associate degree) and upper level programs (3rd and 4th year university credit course).

Cohort

The 21 participating colleges, university colleges, and institutes identified 33,852 *former students* for inclusion in the survey. These students completed all, or the majority, of their program of study and left their program at some point between July 1, 1997 and June 30, 1998.

Former students

This is the group of students who are included in the survey population. To be included in this group, students must have:

- earned a certificate or diploma; OR
- completed 75% of the credits required for a two year applied program; OR
- completed 100% of the credits required for a one year applied program; OR
- completed at least 24 credits of an arts and sciences program; OR
- completed at least 3 ABE courses;

AND

- not been enrolled in their college or institute program between July 1, 1998 and February 1, 1999.

Labour force

The labour force includes people who are employed and those who are looking for work.

Appendix C

Methodology

Cohort

The 21 participating colleges, university colleges, and institutes identified 33,852 former students for inclusion in the survey. With the exceptions of the BC Institute of Technology and the Open Learning Agency, the survey cohorts provided by the institutions included former students who had either graduated or completed the majority of their program requirements. BCIT and OLA included only former students who completed their credential and graduated. All students were to have left their program at some point between July 1, 1997 and June 30, 1998.

Former students in the cohort were assigned at random to answer either questions on student finances or questions on campus services and facilities. Of the 16,681 respondents to the survey, 8,383 answered the finance questions.

Analysis

The Centre for Education Information (CEISS) was responsible for cleaning and validating data received from the data collection house that conducted the survey. Based on the responses to the survey questionnaire, the necessary variables were derived for this student finances analysis, which was conducted using MS Access and SPSS (Statistical Package for the Social Sciences).

In addition to frequencies, crosstabs, and comparison of means, several tests were used to determine if the observed differences between groups were statistically significant. A statistically significant result is one that cannot reasonably be explained by sampling error. The level of significance for this analysis was set at .05, so that when a result is reported as *significant*, there is a 95 percent probability that the result reflects a real difference and is not due to chance.

Data Notes

Quality

Considerable effort has been made to minimize errors at every phase of the survey process: interviewers were carefully trained and supervised, the questionnaire was pretested, and CEISS applied a comprehensive series of validation procedures on the raw data.

Outliers

As part of the process of deriving variables for analysis, outliers were removed. An outlier is an individual response that lies well outside what is reasonably expected in answer to the question (for example, a loan amount of $999,999).

Limitations

- In the questionnaire, former students were asked for their student loan *and* grant amount combined; therefore the debt levels of the majority of those surveyed were not examined because the grant amounts could not be separated from the loan amounts. The loan and debt amounts cited in the report are based on those who had loans only.
- With regard to examining debt levels, the number of breakdowns that could be done reliably was limited, since the analysis could only be done on a relatively small number of cases (n=881, see above).
- The survey question that asked for the amount of student loans and grants referred to the program that former students had just completed. No questions were asked about any previous debt, therefore the amount of accumulated debt is not known.
- Former students were not asked if they had started repaying their debt; as a result, former students' current activity could not be linked with loan repayment.
- "Other" debt (debt from sources other than student loans) was reported only for those students who had student loans. The question was not asked of all respondents.
- Students currently studying were not asked if they were incurring more debt—again, the amount of accumulated debt is not known.
- Former students were asked to rate the importance of the sources of funding they received. They were not asked what source(s) was most important or what percentage of costs was covered by that, or any, source.

Percentages and rounding

For consistency and ease of presentation, percentages in the report text and charts have been rounded to whole numbers; as a result, totals may not always add to 100. Unless otherwise noted, each percentage is based on the number of students who responded to the question. Those who refused the question, or said "don't know," were not included in the calculation.

The average or mean dollar amounts cited in the report text and charts have been rounded to the nearest $10.